

Executive Report

Report of Director of Service Delivery

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## Housing Revenue Account 2020-21 Budget

### Executive Summary

The report outlines the proposed Housing Revenue Account (HRA) budget for 2020-21.

The 2020-21 estimates are predicated on the assumptions, ambitions and priorities contained in the HRA business plan.

It is proposed to increase Council house rents by 2.7% in line with the Rent Standard 2020 (issued by the Regulator of Social Housing) and the Policy Statement for Rents on Social Housing (Issued by The Ministry of Housing, Communities and Local Government).

A 2.7% increase in garage rents is also proposed from April 2020, based on the September 2019 Consumer Price Index (CPI) plus 1%.

The report sets out progress with the new build programme, together with the proposed investment programme in tenants' homes.

The Executive are asked that subject to Council approving the budget on 5 February 2020:

- (1) The projects forming the HRA major repairs and improvement programme, as set out in Appendix 3 to this report, be approved.
- (2) The Director of Service Delivery be authorised, in consultation with the Lead Councillor for Housing/Access and Disability, to reallocate funding between approved schemes to make best use of the available resources.
- (3) The Director of Service Delivery be authorised, in consultation with the Lead Councillor for Housing/Access and Disability to set rents for new developments.

The Executive is asked to endorse the recommendation to Council below:

**Recommendation to Council:**

- (1) That the HRA revenue budget, as set out in Appendix 1 to this report, be approved.
- (2) That the 2.7% rent increase in line with the Rent Standard 2020 and Policy Statement 2019 be approved.
- (3) That the fees and charges for HRA services, as set out in Appendix 2 to this report, be approved.
- (4) That a 2.7% increase in garage rents be approved.
- (5) That the Housing Investment Programme as shown in Appendix 4 (current approved and provisional schemes), as may be approved by the Executive at its meeting on 21 January 2020, be approved.

**Reasons for Recommendation:**

To enable the Council to set the rent charges for HRA property and associated fees and charges, along with authorising the necessary revenue and capital expenditure to implement a budget consistent with the objectives outlined in the HRA Business Plan.

**1. Purpose of Report**

- 1.1 This report sets out a draft budget for the Housing Revenue Account (HRA) for 2020- 21 and makes recommendations to the Executive on both the HRA revenue and capital programme budgets.

**2. Corporate Plan**

- 2.1 Through the provision of new homes and supporting the less advantaged, this budget delivers on the Place-making and Community themes of our Corporate Plan.

**3. Background**

- 3.1 The self-financing arrangements introduced in 2012 enabled the Council to manage its social housing service in the broadest sense. The Housing Revenue Account Business Plan sets the framework upon which the revenue budget and proposed Housing Investment Programme are prepared. This plan sets out our ambitions and priorities for the service.
- 3.2 The resources available following the move to self-financing gives the Council the opportunity to be strategic in its approach to its housing stock. It is now possible to not only consider the existing housing stock, but also wider issues such as community development, improving the environment and the need to build new council homes to address the increasing demand for affordable housing.
- 3.3 The Business Plan not only concentrates on the financial related strategy and objectives, but also the service priorities of the Council's Landlord function to its tenants and leaseholders. The longer-term perspective is crucial to ensure that the service and its

primary assets, the housing stock, are fit for purpose for the whole period of the plan and beyond.

- 3.4 The impact of welfare reform through the introduction of Universal Credit as currently structured remains a concern. However, to date, through the pro-active support we provide to tenants the impact has been mitigated.
- 3.5 Housing is fundamental to an individual's health and wellbeing. The HRA operates within an increasingly stressed public sector financial environment and we see the impact daily. The intervention threshold for mental health and social services have steadily increased. We are having to attempt to manage the consequences on both tenants and neighbourhoods, which is proving increasingly challenging.

#### **4. Potential Pressures**

- 4.1 As mentioned, the impact of social and healthcare services on tenants is increasingly evident. The cost of managing tenancies is likely to see upward pressure as we are forced to deal with situations we are less well equipped to manage.
- 4.2 The funding framework available to meet the cost of supported housing remains fragile. 2018-19 saw the Supporting People Grant reduce by £205,640 and further reductions are possible in future years. However, Surrey County Council have indicated that funding for 2020-21 will remain at 2019-20 levels.
- 4.3 The Homeless Reduction Act 2017 has placed greater obligations on the Council. This is coinciding with a steady rise in the number of households at risk. Many of those at greatest risk have not only housing issues but a range of complex needs.  
  
Together they are placing greater demands on the Housing Service that in turn flows through to the teams managing our properties.
- 4.4 The wider social housing sector is becoming increasingly commercial. Some housing associations are focusing on minimising risk by being very selective on who they will house. We are fortunate in having a retained stock, which gives us greater flexibility in helping those in housing need. It however creates a cost pressure.
- 4.5 The estimates, consistent with the business plan, continue to attach a lower priority to the repayment of debt principal inherited as part of the self-financing HRA settlement, reflecting the Council's determination to provide new additional affordable homes.

#### **5. HRA Revenue Budget 2020-21**

##### **Assumptions**

- 5.1 The total HRA debt stands at £197 million. It is projected that the interest charge for 2020-21 will be £5,058,423. No provision is included in the budget for the repayment of debt during 2020-21 in line with the Executive's decision that debt repayment is not a priority.
- 5.2 The revenue budget for 2020-21 is predicated around a number of key assumptions. The most important are set out in the table below:

Item	Assumption
Opening stock	5,207 units of accommodation
HRA Debt	£197 million
Average cost of capital	3.16%
Rent increase	2.7%
Garage income increase	2.7%
Bad debt provision contribution 2020-21	£100,000
Void rate	1.6%
Service charge increases	Linked to contractual arrangements of suppliers
Housing units lost through Right to Buy (RTB)	15 per annum
Retained receipts	Held in reserves
HRA ring fence	Policy of strong ring fence continues
Debt repayment	No provision made for repayment of debt
Operating balance	£2.5 million

### Summary of Revenue Account Budget 2020-21

- 5.3 The table below summarises the proposed 2020-21 revenue budget, which reflects our current Treasury Management Strategy – in effect an interest only mortgage rather than a repayment mortgage. The timing of debt repayment will largely be a treasury management decision taking into account the overarching objectives of the HRA Business Plan.

Expenditure	£
Management and maintenance	10,914,860
Interest payments	5,058,423
Depreciation	5,525,000
Contribution to reserves from surplus	11,016,237
Other items	277,647
	<b>32,792,257</b>
Income	
Rents – dwellings	(29,977,447)
Rents – other	(1,192,740)
Service charges	(1,102,640)
Supporting people funding	(107,870)
Miscellaneous income	(411,560)
	<b>(32,792,257)</b>

- 5.4 Based on the assumptions detailed in paragraph 5.2, the HRA will have an operating surplus of £11.016 million for 2020-21 (£11,009 million 2019-20). The size of the surplus reflects a number of factors:

- the prevailing borrowing rate
- the decision not to make debt repayments
- the impact of historically high levels of investment in the stock over past years maintaining stock condition
- good income collection performance

- strong rental stream with many properties at or close to target rent levels

## Expenditure

5.5 The main headings are summarised below:

Subjective Heading	2019-20 Budget	2020-21 Budget
	£	£
General Management	4,956,630	5,045,730
Responsive and planned maintenance	5,357,668	5,869,130
Interest payable	5,142,230	5,058,423
Depreciation	5,528,730	5,525,000
Cost of democracy	256,800	256,800

5.6 **General Management:** Budgeted expenditure on delivering HRA services is 1.8% above 2019-20 levels, and includes elements such as the pay award and contractual increases for items such as computer software, grounds maintenance, and cleaning services.

5.7 **Repairs and maintenance:** Emphasis continues to be on planned rather than responsive maintenance, but as the budget provides for both planned and responsive repairs, an element of demand driven cost is inherent in the expenditure. The two previous financial years have seen an increase in void levels and the service continues to experience higher levels of repair costs in a large part due to voids. Whilst the service returns a property to use as soon as possible, void units typically incur additional repair and improvement expenditure in order to prepare them for subsequent tenants. The budget for repairs and maintenance has been increased to reflect the projected outturn for the current year (2019-20) inflated by 4.5%.

5.8 **Interest payable:** Approximately 75 per cent of the loan portfolio consists of fixed interest loans, whilst the remaining portfolio is on a variable rate arrangement. Though the variable rate loans are subject to prevailing market conditions it is likely that interest rates will remain low in the short to medium term. The table below sets out our current loan portfolio.

Loan Type	Principal	Remaining years	Rate
Variable	£45,000,000	3	0.88%
Fixed	£2,070,000	2	3.60%
Fixed	£10,000,000	5	2.70%
Fixed	£10,000,000	6	2.80%
Fixed	£10,000,000	7	2.92%
Fixed	£10,000,000	8	3.01%
Fixed	£25,000,000	10	3.15%
Fixed	£25,000,000	13	3.30%
Fixed	£25,000,000	18	3.44%
Fixed	£15,000,000	22	3.49%
Fixed	£17,435,000	23	3.50%

- 5.9 **Depreciation:** To safeguard future rental streams, we need to ensure our properties and assets are adequately maintained. This will involve the replacement of ageing components at the appropriate time.

In order to do so, it is important that we set aside adequate funds each year to meet future liabilities. The depreciation charge is one of the key mechanisms we use to do this. The proposed 2020-21 charge represents, in officers' view, a realistic amount having regard to the outcome of the stock condition survey. A charge of £5,525,000 is considered both appropriate and affordable.

### Income

- 5.10 The table below shows a breakdown of the 2.7% rent increase in social and affordable rents. All tenants will see an increase in rent, with the increase ranging from £2.03 to £6.41 per week.

Rent increase per week	Number of Tenants	
	Social rents	Affordable rents
£2.00 - £2.50	1220	0
£2.50 - £3.00	1097	3
£3.00 - £3.50	2139	7
£3.50 - £4.00	450	19
£4.00 - £4.50	23	24
£4.50 - £5.00	1	23
£5.00 - £5.50	0	35
£5.50 - £6.00	0	10
£6.00 - £6.50	0	10

The table below shows average current rents by property size.

Property Size	Social Rent	Affordable Rent
1 bed unit	£92.81	£143.03
2 bed Unit	£110.66	£170.99
3 bed Unit	£125.60	£196.79

- 5.11 In the region of 2600 tenants will have the increase in rent covered by either Housing Benefit or Universal Credit, in full or in part.

5.12 Officers are proposing an increase in garage rents of 2.7% from April 2020.

### **Welfare Reform and Universal Credit**

5.13 Universal Credit (UC) brings together a number of existing legacy benefits into a single monthly payment. The implementation of the full service for new claims of UC commenced in the Guildford area in October 2018.

The remaining existing claimants are due to migrate to UC from 2018-19 and this process will continue until 2022 when it is anticipated that all working age claimants will have transferred to UC.

5.14 Early indications are that some tenants do struggle under Universal Credit either to manage their financial affairs or to engage with the new system. However, through a proactive and supportive approach, the Rents team have been able to mitigate the impact. The changes, coupled with the general economic situation remains challenging for our more vulnerable tenants.

The use of predictive analytical software has allowed us to reallocate resources to support tenants on UC. The introduction of a flexible direct debit scheme and the mobile Payment App has helped tenants more easily manage their financial affairs under the new benefit system.

Collection costs and arrears have tended to increase across the sector but to varying degrees. It is likely we see this as the numbers on UC increase.

5.15 A provision for bad debt charge of £100,000 is included in the estimates. This charge will remain under review and the actual contribution to the bad debt allowance at year-end will be calculated with reference to the level of arrears.

### **Right to Buy sales (RTB)**

5.16 RTB activity remained steady during 2019-20.

5.17 The table below outlines activity as at December 2019.

<b>Activity</b>	<b>Number</b>
Properties sold since 1 April 2019	10
Applications being processed	47
Projected disposals 2020-21	15

5.18 Under the government's one-for-one replacement scheme, we are able to retain the majority of the capital receipt provided it is re-invested in additional affordable housing or regeneration schemes within three years. Only a third of the cost of a development can be financed from this source - we must finance the balance from capital receipts or other sources including reserves accruing from the appropriation of revenue account surpluses.

It is proving challenging to align our development programme spend within the time constraints imposed by the Government. However we are taking the opportunity to increase

the stock through a selective repurchase programme and supporting regeneration projects that will deliver more homes..

5.19 Increasing sales has three negative impacts. It:

- reduces the number of affordable homes
- removes the long-term positive contribution each property makes to our operating costs
- increases the unit costs of managing and maintaining properties. Invariably tenants buy the better properties.

## **6. HRA Capital Programme and Reserves**

6.1 Currently, there are four potential strands forming our HRA capital programme under the self-financing regime. In the past, not all have been viable options but that position has changed. The four strands are:

- replacing ageing components such as roofs and kitchens
- improving and enhancing existing properties – for example, installing double glazing
- stock rationalisation – the project at Westborough being the most recent example
- expansion – the provision of new additional affordable homes.

6.2 The funding sources enabling us to deliver a capital programme are as follows:

- HRA rental stream
- Capital receipts generated from the disposal of HRA assets including land
- HRA reserves
- HRA borrowing

6.3 The HRA has built up significant revenue reserves and as at 31 March 2020 are estimated to be in the region of £99 million – excluding capital receipts. These can be used for specific HRA related purposes. It is proposed that these reserves are set aside to support the major repairs and improvements and new build programme. The HRA also has usable capital receipts, generated from the sale of HRA land and housing assets. The balance of useable capital receipts is estimated to be £14.16 million as at 31 March 2020. These funds can only be used to support capital expenditure.

6.4 The table below shows the available reserves that can support the HRA Business Plan and they reflect only the schemes currently included in programme, and the decision not to repay debt. The table will be updated to include the proposed investment programme such bids as may be approved by the Executive at its meeting on 21 January 2020. The contribution into the reserve for future capital programmes is maintained.



Year ending	Reserve for future capital works	Major repairs reserve	New Build Reserve	Total
	£000	£000	£000	£000
Mar-20	35,829	8,526	54,634	98,989
Mar-21	38,329	8,526	50,570	97,424
Mar-22	40,829	8,526	42,213	91,567
Mar-23	43,329	8,526	44,506	96,361
Mar-24	45,829	8,526	48,054	102,409
Mar-25	48,329	8,526	56,453	113,308

Usable capital receipts	Usable Capital Receipts (one-for-one receipts) <sup>1</sup>	Usable Capital Receipts (HRA debt repayment)	Total usable capital receipts
£000	£000	£000	£000
2,260	7,657	4,243	14,160
2,260	4,922	4,904	12,085
2,260	550	5,587	8,396
2,260	547	6,292	9,098
2,260	1,085	7,020	10,365
2,260	3,683	7,772	13,714

Total reserves/receipts
£000
113,148
109,509
99,964
105,459
112,774
127,022

Potential reserve commitments - Illustrative example

Potential repayment of variable rate loan

45,000

Cumulative reserve balance

82,022

6.5 Looking ahead, the Weyside Urban Village Project offers a unique opportunity to deliver significant additional affordable homes. If we assume a provision of 40% affordable housing in the project, an investment of at least £120 million will be required to make this a reality. Our current financial position places us in a good position to make a significant contribution to this element of the project, not only to deliver the new homes but ensure they are well maintained and managed.

6.6 The anticipated level of reserves needs to be balanced against a rapidly changing financial and legislative environment but the ability to profile expenditure using the flexibility that borrowing provides is welcomed.

6.7 The business plan is most sensitive to the following assumptions:

- income trends
- legislative changes
- inflation rates
- cost of debt
- capital investment
- right-to-buy sales

6.8 **Development Projects:** In the last 4 years, the HRA has invested over £21 million and delivered 128 new homes for our local residents. An update of our current development projects is set out below.

6.9 **Bright Hill (Ward: Holy Trinity)** – the site held by the HRA is used as a temporary car park which supplemented parking provision during the construction of Tunsgate Square, a new retail led development. It is a challenging site in terms of location, topography and the relationship with surrounding properties.

Concept designs are being developed to inform the scope of the project on the basis of a mixed tenure scheme. A further report will be presented to the Executive once these are available.

6.10 **Guildford Park (Ward: Onslow)** – the enabling works contract is underway with significant retaining structures nearing completion along with major service diversions. A framework contractor is being procured to finalise the design with the aim of starting construction during

Spring 2021. An allocation on the approved programme of £1 million from the HRA is proposed to fund its share of design and enabling works. A further report will shortly be considered by the Executive (the general fund provisional programme includes £23 million in respect of this project).

- 6.11 **Former Apple Tree Pub Site (Ward: Westborough)** – The new development, named ‘The Orchard’, was completed in Summer 2019.
- 6.12 **Ladymead (Ward: Friary & St Nicolas)** – The new development, named ‘Siren House’, was completed in November 2019.
- 6.13 **Foxburrows (Ward: Westborough)** – Initial design work and consultation with affected residents is now underway. This work will inform any decision around the scope and extent of the scheme. An allocation on the approved HRA programme is proposed of £150,000 to fund some tenant decant costs should it be decided to proceed with the project. Additional funds will be required in due course but this allocation provides some additional flexibility that maybe needed at this stage in the project.
- 6.14 We have a number of other sites under active consideration, some of which involve third parties. A global budget of £10 million is already on the approved programme to provide the necessary flexibility.

A further budget of £10 million is already on the approved programme for the acquisition of land and property. Experience has shown that the market requires a very quick response to any opportunities. This provision ensures the Council is in a position to move very quickly should any suitable opportunities arise.

- 6.15 The constitution already makes provision, through a delegation to the Director of Service Delivery in consultation with key Councillors and officers, to allow decisions to be taken quickly but with appropriate governance safeguards in place.
- 6.16 **Existing housing stock:** Based on an analysis of our stock condition data and the detailed knowledge the Property Manager has of the stock, a proposed investment programme is set out in Appendix 4. The proposed programme reflects earlier years with a continual focus on improved energy efficiency reflecting the impact of rising fuel prices. Schemes completed during 2019-20, including the installation of air-source heat pumps, have resulted in better comfort levels at reduced cost and impact on the environment. This approach is best suited to previously electrically heated dwellings.
- 6.16 Authority is sought to transfer the equity share repurchase and cash incentives schemes for 2020-21 currently shown on the provisional capital scheme list of Appendix 4 to the approved programme list.

## **7. Robustness of the Budget and Adequacy of Reserves**

- 7.1 Section 25 of the Local Government Act 2003 requires the Chief Finance Officer to report on the robustness of the budget and adequacy of the proposed financial reserves.
- 7.2 The budget process started in July 2019. Paragraph 5.2 details the assumptions used in the preparation of the 2020-21 budget.
- 7.3 Staffing costs have been included based on the Full Time Equivalent (FTEs) included in the approved establishment of 66.47.

- 7.4 Throughout the budget process the Corporate Management Team, the Leader and relevant lead councillors have been involved in what is considered to be a deliverable budget.
- 7.5 A prudent assessment of income has been made and only income that has a high level of certainty of being received is included within the budget. The 2020-21 budget includes a contribution to the bad debt provision of £100,000. This provision reflects the economic climate and continuing welfare reform changes. The level of operating balance remains unchanged at £2.5 million.
- 7.6 Surrey County Council funding in respect of Sheltered Housing services was removed from the budget for 2018-19. The 2020-21 budget assumes a continuation of grant funding for supported housing of £92,640.
- 7.7 Service level risk assessments have been undertaken for both existing major areas of the budget and changes arising from the self-financing regime and legislative changes.
- 7.8 The corporate risks will be included in the corporate risk register, whilst service risk registers are prepared having regard to the comprehensive guidance available about how to identify and score risks.
- 7.9 The overarching HRA business plan reflects the changing financial environment in which it needs to operate and to ensure the business plan remains fit for purpose. The HRA will continue to need to balance tenant needs and expectations in the context of its financial situation.
- 7.10 The value of all housing related reserves as at 1 April 2020 is projected to be around £113 million. The estimated value of all HRA reserves for the period up to 31 March 2025 is shown in paragraph 6.4. The HRA has a significant level of reserves and working balance, but has spending ambitions to match.

## **8. Legal Implications**

- 8.1 The HRA is a separate account that all local authorities with housing stock are required to maintain. This account contains all transactions relating to local authority owned housing. The Local Government and Housing Act 1989 prohibits the Council operating its HRA at a deficit. The proposed balanced budget meets this obligation.
- 8.2 Notices of any increase in rent have to be sent to tenants 28 days in advance of the new charges coming into effect.

## **9. Human Resource Implications**

- 9.1 The Future Guildford transformation project is now underway. The estimated staff savings have been included in the budget for 2020-21.

## **10. Conclusion**

- 10.1 The proposed HRA revenue budget not only meets our obligation to deliver a balanced budget but also delivers opportunities to improve services to tenants. It also enables the Council to provide new affordable homes at a time when access to housing is increasingly difficult.

10.2 The proposed HRA capital programme sets out to maintain and improve our existing assets. It is essential we do so, not only to meet our regulatory obligations but also to safeguard future income streams.

## **11. Background Papers**

- HRA Business Plan 2019-2049

## **12. Appendices**

Appendix 1: Draft HRA Revenue Budget

Appendix 2: HRA Fees and Charges

Appendix 3: HRA Investment Programme (Major repairs and improvements)

Appendix 4: Housing investment programme, resources and funding statement

Housing Revenue Account Summary - Draft Estimates 2020-21

APPENDIX 1

2017-18 Actual £	2018-19 Actual £	Analysis	2019-20 Estimate £	2019-20 Probable £	2020-21 Estimate £
		<b>Borough Housing Services</b>			
613,565	738,104	Income Collection	682,940	688,897	689,870
948,978	1,036,217	Tenants Services	938,680	936,632	889,510
64,128	81,030	Tenant Participation	148,270	112,418	148,900
68,808	69,865	Garage Management	101,340	97,182	101,700
64,083	59,064	Elderly Persons Dwellings	66,740	67,763	75,280
524,075	584,036	Flats Communal Services	432,530	518,947	513,530
432,181	423,867	Environmental Works to Estates	482,000	424,826	444,460
5,523,575	5,676,678	Responsive & Planned Maintenance	5,357,668	5,654,986	5,869,130
120,028	121,665	Sale of Council Houses & Equity Share	141,950	131,809	139,820
<b>8,359,422</b>	<b>8,790,527</b>		<b>8,352,118</b>	<b>8,633,462</b>	<b>8,872,200</b>
		<b>Strategic Housing Services</b>			
360,623	419,543	Advice, Registers & Tenant Selection	360,450	340,978	366,800
210,368	217,026	Void Property Management & Lettings	210,010	186,837	212,290
9,142	9,700	Homelessness Hostels Management	5,120	5,120	5,120
142,418	155,194	Supported Housing Management	163,210	162,185	160,740
392,915	426,311	Strategic Support	380,990	357,476	382,440
<b>1,115,468</b>	<b>1,227,774</b>		<b>1,119,780</b>	<b>1,052,597</b>	<b>1,127,390</b>
		<b>Community Services</b>			
911,190	938,878	Sheltered Housing	842,400	871,867	915,270
		<b>Other Items</b>			
5,528,728	5,638,889	Depreciation	5,528,730	5,528,730	5,525,000
(44,323)	(45,515)	Impairment	0	0	0
165,468	163,276	Debt Management	160,590	160,590	150,000
0	0	Rent Rebates	0	0	0
280,328	343,578	Other Items	632,390	382,312	402,387
<b>16,316,281</b>	<b>17,057,407</b>	<b>Total Expenditure</b>	<b>16,636,008</b>	<b>16,629,557</b>	<b>16,992,247</b>
(32,623,860)	(31,991,396)	Income	(32,445,282)	(32,419,245)	(32,792,257)
<b>(16,307,579)</b>	<b>(14,933,989)</b>	<b>Net Cost of Services(per inc &amp; exp a/c)</b>	<b>(15,809,274)</b>	<b>(15,789,688)</b>	<b>(15,800,010)</b>
264,207	258,720	HRA share of CDC	256,800	251,530	256,800
<b>(16,043,372)</b>	<b>(14,675,269)</b>	<b>Net Cost of HRA Services</b>	<b>(15,552,474)</b>	<b>(15,538,158)</b>	<b>(15,543,210)</b>
(384,996)	(456,206)	Investment Income	(598,260)	(598,260)	(531,540)
5,004,072	5,159,240	Interest Payable	5,142,230	5,131,995	5,058,423
<b>(11,424,296)</b>	<b>(9,972,235)</b>	<b>Deficit for Year on HRA Services</b>	<b>(11,008,504)</b>	<b>(11,004,423)</b>	<b>(11,016,327)</b>
627,309	0	REFCUS - Revenue expenditure funded from capital	75,000	75,000	75,000
2,500,000	2,500,000	Contrib to/(Use of) RFFC	2,500,000	2,500,000	2,500,000
7,563,162	7,849,699	Contrib to/(Use of) New Build Reserve	8,433,504	8,429,423	8,441,237
0	(421,229)	CERA - Capital Expenditure from Revenue	0	0	0
309,017	0	Tfr (fr) to Pensions Reserve	0	0	0
640,110	0	Tfr (from)/to CAA re: Voluntary Revenue Provision	0	0	0
71,504	76,058	Tfr (from)/to CAA re: Impairment/Revaluation	0	0	0
(627,309)	0	Tfr (from)/to CAA re: REFCUS	0	0	0
(27,181)	(30,543)	Tfr (from)/to CAA re: Intangible assets	0	0	0
(9,000)	(1,750)	Tfr (from)/to CAA re: rev. inc. from sale of asset	0	0	0
<b>(376,685)</b>	<b>(0)</b>	<b>HRA Balance</b>	<b>(0)</b>	<b>0</b>	<b>(90)</b>
(2,500,000)	(2,500,000)	Balance Brought Forward	(2,500,000)	(2,500,000)	(2,500,000)
<b>(2,876,685)</b>	<b>(2,500,000)</b>	<b>Balance Carried Forward</b>	<b>(2,500,000)</b>	<b>(2,500,000)</b>	<b>(2,500,090)</b>

2016-17 Actual £	2017-18 Actual £	Analysis	2019-20 Estimate £	2018-19 Probable £	2019-20 Estimate £
		<b>Income</b>			
(29,850,855)	(29,236,342)	Rent Income - Dwellings	(29,736,103)	(29,662,305)	(29,977,447)
(213,964)	(208,349)	Rent Income - Rosebery Hsg Assoc	(209,980)	(209,980)	(208,350)
(194,263)	(206,530)	Rents - Shops, Buildings etc	(194,300)	(221,172)	(224,650)
(677,827)	(718,083)	Rents - Garages	(739,774)	(756,971)	(759,740)
<b>(30,936,909)</b>	<b>(30,369,304)</b>	<b>Total Rent Income</b>	<b>(30,880,157)</b>	<b>(30,850,428)</b>	<b>(31,170,187)</b>
(345,764)	(140,122)	Supporting People Funding	(105,000)	(123,100)	(107,870)
(961,529)	(1,023,033)	Service Charges	(1,007,580)	(1,028,935)	(1,102,640)
(5,155)	(9,144)	Legal Fees Recovered	(28,840)	(28,840)	(28,840)
(40,025)	(51,614)	Service Charges Recovered	(40,000)	(50,000)	(55,000)
(334,477)	(398,179)	Miscellaneous Income	(383,705)	(337,941)	(327,720)
<b>(32,623,860)</b>	<b>(31,991,396)</b>	<b>Total Income</b>	<b>(32,445,282)</b>	<b>(32,419,245)</b>	<b>(32,792,257)</b>

Housing Revenue Account - Fees and Charges 2020-21				APPENDIX 2	
		2019-20	2020-21	Increase	
		£	£		
		From 1 April 2019	From 1 April 2020	%	
<b>To be approved by Council</b>					
<b>Sheltered Units</b>					
<u>Guest Room Fees (per night):</u>					
Dray Court		19.05	19.65	3.1%	
Japonica Court		20.75	21.40	3.1%	
St Martin's Court		23.35	24.05	3.0%	
St Martha's Court		23.05	23.75	3.0%	
Tarragon Court		22.50	23.20	3.1%	
Millmead Court		20.00	20.60	3.0%	
<u>Function Room Hire</u>					
Voluntary /Charity Organisations	- Per Hour	13.90	14.30	2.9%	
	- Per Day	69.00	71.05	3.0%	
<u>Education/Social Services</u>					
	- Per Hour	16.50	17.00	3.0%	
	- Per Day	103.00	106.10	3.0%	
<u>Social/Private Hire</u>					
	- Per Hour	20.75	21.35	2.9%	
	- Per Day	110.75	114.00	2.9%	
<u>Service charge (per week):</u>					
Dray Court	To follow	59.20	0.00	-100.0%	
Japonica Court	To follow	65.20	0.00	-100.0%	
St Martha's Court	To follow	64.48	0.00	-100.0%	
Millmead Court	To follow	53.78	0.00	-100.0%	
St Martin's Court	To follow	61.33	0.00	-100.0%	
Tarragon Court	To follow	54.09	0.00	-100.0%	
<b>Friary House (61 flats)</b>					
Heating, Electricity, Cleaning, Caretaking and Security Services (per week)		16.81	17.08	1.6%	
<b>Garages (on Housing Estates) (VAT is applied at the standard rate on private lets only)</b>					
High demand area (non residents) (per week)		19.65	20.18	2.7%	
High demand area (per week)		11.95	12.27	2.7%	
Elsewhere (per week)		9.82	10.09	2.7%	
<b>Castle Cliffe</b>					
Gas and Electricity Charges (per week)		12.10	13.04	7.8%	
<b>Malthouse Court</b>					
Gas and Electricity Charges (per week)		9.79	11.58	18.3%	
<b>Pound Court</b>					
Electricity; Grounds Maintenance (per week)		6.62	5.24	-20.8%	
<b>Flats</b>					
<u>Where cleaning provided to communal areas:</u>					
Sandmore (Laundry and Communal Facilities, per week)		4.37	4.84	10.8%	
Decorating charge (Note: charge is per room)		1.63	1.68	3.1%	
<b>Supported Housing</b>					
<u>Service charge per week:</u>					
William Swayne House:					
- Self Contained bedsits	To follow	111.41	0.00	-100.0%	
- Self Contained flat	To follow	113.62	0.00	-100.0%	
William Swayne Place					
Dene Road	To follow	43.63	0.00	-100.0%	
79 York Road	To follow	69.30	0.00	-100.0%	
Caxtons	To follow	39.13	0.00	-100.0%	
Dene Court	To follow	60.49	0.00	-100.0%	
	To follow	81.27	0.00	-100.0%	
<b>Sold Flats Service Charges - Solicitors' Enquiry</b>					
Sales/purchases		136.50	140.60	3.0%	
Remortgages		70.20	72.30	3.0%	
Sold Flats Service Charge Management Fee		178.50	183.90	3.0%	
<b>Consent Fees</b>					
Consent - Application in Advance		106.00	109.20	3.0%	
Consent - Retrospective Application		181.00	186.50	3.0%	

Category	Project	Estimate
<b>Schemes</b>		£
Retentions & Minor carry-forward	Retentions due together with minor carry forward from projects in progress up to 31 March 2019.	40,000
<b>Modern Homes</b>		
Kitchens and bathrooms <i>Various locations</i>	Provision of modern kitchens, bathrooms and electrical upgrades.	1,300,000
Void Properties <i>Various locations</i>	Refurbishment of individual properties to enable them to be relet	600,000
<b>Structural</b>		
Repairs associated with structural movement. <i>Various locations</i>	Structural works to various properties, including structural investigation and remedial works	200,000
<b>Doors &amp; Windows</b>		
Replacement of external doors <i>Various locations</i>	Replacement of external entrance doors	100,000
<b>Windows</b>		
Replacement of windows <i>St Marthas Court, Chilworth</i>	Renewal or replacement windows where existing are single glazed and/or beyond normal operational maintenance	200,000
<b>Roof Renewal</b>		
Pitched roof replacement <i>Broomfield, Park Barn</i>	Roof renewal to address failing roof coverings and associated construction details including chimneys, fascias, soffits & above ground rainwater drainage	75,000
Replacement of asbestos soffits including fascias, and rainwater goods <i>Hornhatch, Chilworth and Park Barn</i>	Removal of asbestos boarding at roofline to 16 blocks of flats which has prohibited cyclical decoration programme. Roofs are in reasonable condition and do not need to be renewed.	250,000

Category	Project	Estimate
<b>External Wall Insulation</b>		
External wall insulation to solid wall properties  <i>Guildford Park, Guildford</i>	Provision of external wall insulation to solid wall properties to address poor thermal insulation	150,000
<b>Mechanical &amp; Electrical</b>		
Central heating boiler upgrades.  <i>Various locations</i>	Upgrading existing central heating installations with high efficiency systems	250,000
Domestic Air Source Heat Pump installations  <i>Various locations.</i>	Replace old electric heating systems with high efficiency air source heat pump wet central heating systems	750,000
Warden Call System  <i>Dene Road, Guildford</i>	Installation of new Warden Call System with Door entry	10,000
Lift refurbishment.  <i>Bedford House, Guildford</i>	Continuation of phased programme to replace obsolete lift controllers	30,000
Lift refurbishment  <i>Japonica Court, Ash</i>	Continuation of lift replacement programme	300,000
Lift replacement  <i>St Marthas Court, Chilworth</i>	Secondary lift provision - stairlifts in phased programme of 2 per year, total 6	10,000
<b>General</b>		
Continuing programme of garage forecourt resurfacing	Resurface garage forecourt areas to garage blocks where existing surface is in poor condition – continuation of planned programme according to identified priority	100,000
Condition Appraisals	Annual programme of condition appraisal surveys	50,000



Category	Project	Estimate
Fire protection works	Prioritised non-urgent remedial works comprising Containment, Doors, Smoke Detectors, Signage	200,000
Mobility Scooter and improved access to various sheltered blocks	Millmead Court, Dray Court, Japonica Court, St Marthas Court - combination of using vacant rooms and charging enclosures	150,000
Condition Appraisal works	Prioritised repair plus non-urgent remedial works recommended by Condition appraisal assessment	100,000
Environmental improvements	General environmental improvements at sites to be agreed. All subject to resident consultation.	50,000
Disabled adaptations <i>Various locations</i>	Works to alter, adapt Council owned dwellings for the benefit of people with disability.	650,000
Software systems	Provision to upgrade essential business software	30,000
Programme support.	Programme support & development to support HRA Business Plan	40,000
	<b>Total</b>	<b>5,635,000</b>

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2019-20 to 2024-25: HRA APPROVED PROGRAMME

APPENDIX 4

	Project Budget	2018-19 Actual	Project Spend at 31-03-19	2019-20 Estimate	Carry Forward	Expenditure as at 02.12.19	2019-20 Projected Outturn	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate	Total Project Exp
	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000	£000	£000
<b>Acquisition of Land &amp; Buildings</b>	10,700	519	920	0	2,581	327	2,581	1,800	1,800	1,800	1,800	0	10,700
<b>New Build</b>													
Guildford Park	75	0	75	0	0	123	0	0	0	0	0	0	75
Appletree pub site	3,200	2,209	2,764	338	98	713	660	0	0	0	0	0	3,424
Slyfield Green (Corporation Club)	2,448	0	2,376	0	72	61	61	0	0	0	0	0	2,437
Willow Way	1,000	179	952	0	48	1	5	0	0	0	0	0	957
<b>Garage sites-</b>	2,500		0	0	189			0	0	0	0	0	0
Pond Meadow		62	562	0		9	38						600
Rowan Close		4	549	0		8	51						600
Great Goodwin Drive		431	945	0		57	55						1,000
The Homestead	500	327	756	0	0	4	44	0	0	0	0	0	800
Fire Station/Ladymead	2,000	643	643	1,196	136	1,083	1,332	25	0	0	0	0	2,000
Bright Hill	500	0	0	0	500	0	0	500	0	0	0	0	500
Various small sites & feasibility/Site preparation	1,000		0	0		0	0	0	0	0	0	1,000	1,000
Pipeline projects	9,425			575		42	150	2,250	3,325	1,825	1,875	0	9,425
Redevelopment bid 13	533			533		0	0	533					533
Redevelopment bid 14	300			300		0	50	250					300
<b>Schemes to promote Home-Ownership</b>													
Equity Share Re-purchases	annual	143	annual	400		0	400	400	400	400	400	400	annual
<b>Major Repairs &amp; Improvements</b>													
Retentions & minor carry forwards	annual	0	annual	40		0	40	Provisional	Provisional	Provisional	Provisional	Provisional	annual
Modern Homes - Kitchens, Bathrooms & Void refurb	annual	1,253	annual	1,050		1,084	1,346	Provisional	Provisional	Provisional	Provisional	Provisional	annual
Doors and Windows	annual	256	annual	525	0	10	505	Provisional	Provisional	Provisional	Provisional	Provisional	annual
Structural	annual	545	annual	400	300	105	614	Provisional	Provisional	Provisional	Provisional	Provisional	annual
Energy efficiency: Central heating/Lighting	annual	1,101	annual	1,530		458	1,266	Provisional	Provisional	Provisional	Provisional	Provisional	annual
General	annual	1,210	annual	1,605	776	955	2,466	Provisional	Provisional	Provisional	Provisional	Provisional	annual
<b>Grants</b>													
Cash Incentive Scheme	annual	0	annual	75		0	75						annual
<b>TOTAL APPROVED SCHEMES</b>	<b>34,181</b>	<b>8,883</b>	<b>10,540</b>	<b>8,567</b>	<b>4,700</b>	<b>5,040</b>	<b>11,739</b>	<b>5,758</b>	<b>5,525</b>	<b>4,025</b>	<b>4,075</b>	<b>1,400</b>	<b>34,350</b>

GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2019-20 to 2023-24: HRA PROVISIONAL PROGRAMME

APPENDIX 4

	Project Budget	2018-19 Actual	Project Spend at 31-03-19	2019-20 Estimate	Carry Forward	2019-20 Projected Outturn	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate	Total Project Exp
	£000	£000	£000	£000		£000	£000	£000	£000	£000	£000	£000
<b>Acquisition of Land &amp; Buildings</b>	10,000	0	0	0	0	0	0	3,000	3,000	4,000	0	10,000
<b>New Build</b>												
Guildford Park	16,000	341	907	406	700	1,106	6,760	7,201	26	0	0	16,000
Bright Hill	3,000	0	0	0	0	0	1,500	1,500	0	0	0	3,000
Slyfield (25/26 £5m; 26/27 £44m)	1,000	0	0	0	0	0	0	0	1,000	0	0	1,000
Redevelopment bid 13	10,124	0	0	0	0	0	3,197	5,861	1,066	0	0	10,124
Redevelopment bid 14	3,000	0	0	0	0	0	1,000	1,500	500	0	0	3,000
<b>Major Repairs &amp; Improvements</b>												
Major Repairs & Improvements	annual		annual	0	0	0	5,500	5,500	5,500	5,500	5,500	annual
Retentions & minor carry forwards	annual		annual									annual
Modern Homes: Kitchens and bathrooms	annual		annual									annual
Doors and Windows	annual		annual									annual
Structural	annual		annual									annual
Energy efficiency: Central heating	annual		annual									annual
General	annual		annual									annual
<b>Grants</b>												
Cash Incentive Scheme	annual		annual	0	0	0	75	75	75	75	75	annual
<b>Total Expenditure to be financed</b>	<b>43,124</b>	<b>341</b>	<b>907</b>	<b>406</b>	<b>700</b>	<b>1,106</b>	<b>18,032</b>	<b>24,637</b>	<b>11,167</b>	<b>9,575</b>	<b>5,575</b>	<b>43,124</b>

**GUILDFORD B.C. - HOUSING INVESTMENT PROGRAMME 2019-20 to 2024-25: HRA RESOURCES AND FUNDING STATEMENT**

**APPENDIX 4**

	2018-19 Actual	2019-20 Estimate	2019-20 Projected Outturn	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2023-24 Estimate	2024-25 Estimate
	£000	£000	£000	£000	£000	£000	£000	£000
<b>EXPENDITURE</b>								
Approved programme	9,249	8,567	11,739	5,758	5,525	4,025	4,075	1,400
Provisional programme	0	406	1,106	18,032	24,637	11,167	9,575	5,575
<b>Total Expenditure</b>	<b>9,249</b>	<b>8,973</b>	<b>12,845</b>	<b>23,790</b>	<b>30,162</b>	<b>15,192</b>	<b>13,650</b>	<b>6,975</b>
<b>FINANCING OF PROGRAMME</b>								
Capital Receipts	1,306	400	400	400	400	400	400	400
1-4-1 receipts	1,465	1,004	1,840	5,345	7,256	2,765	2,303	300
Contribution from Housing Revenue a/c (re cash incentives)	0	75	75	75	75	75	75	75
Future Capital Programme reserve	0	0	0	0	0	0	0	0
Major Repairs Reserve	4,395	5,150	6,237	5,500	5,500	5,500	5,500	5,500
New Build Reserve	2,083	2,344	4,294	12,471	16,931	6,452	5,373	700
Grants and Contributions	0	0	0	0	0	0	0	0
<b>Total Financing (= Total Expenditure)</b>	<b>9,249</b>	<b>8,973</b>	<b>12,845</b>	<b>23,790</b>	<b>30,162</b>	<b>15,192</b>	<b>13,650</b>	<b>6,975</b>
<b>RESERVES - BALANCES</b>								
	2018-19 Actual	2019-20 Estimate	2019-20 Projected Outturn	2020-21 Estimate	2021-22 Estimate	2022-23 Estimate	2024-25 Estimate	2023-24 Estimate
	£000	£000	£000	£000	£000	£000	£000	£000
<b>Reserve for Future Capital Programme (U01035)</b>								
Balance b/f	30,829	33,329	33,329	35,829	38,329	40,829	43,329	45,829
Contribution in year	2,500	2,500	2,500	2,500	2,500	2,500	2,500	2,500
Used in year	0	0	0	0	0	0	0	0
Balance c/f	<b>33,329</b>	<b>35,829</b>	<b>35,829</b>	<b>38,329</b>	<b>40,829</b>	<b>43,329</b>	<b>45,829</b>	<b>48,329</b>
<b>Major Repairs Reserve (U01036)</b>								
Balance b/f	7,991	9,598	9,234	8,526	8,526	8,526	8,526	8,526
Contribution in year	5,639	5,529	5,529	5,500	5,500	5,500	5,500	5,500
Used in Year	(4,395)	(5,150)	(6,237)	(5,500)	(5,500)	(5,500)	(5,500)	(5,500)
Balance c/f	<b>9,234</b>	<b>9,977</b>	<b>8,526</b>	<b>8,526</b>	<b>8,526</b>	<b>8,526</b>	<b>8,526</b>	<b>8,526</b>
<b>New Build Reserve (U01069)</b>								
Balance b/f	44,919	45,789	50,686	54,634	50,570	42,213	44,506	48,054
Contribution in year	7,850	8,241	8,241	8,406	8,574	8,746	8,921	9,099
Used in Year	(2,083)	(2,344)	(4,293)	(12,471)	(16,931)	(6,452)	(5,373)	(700)
Balance c/f	<b>50,686</b>	<b>51,686</b>	<b>54,634</b>	<b>50,570</b>	<b>42,213</b>	<b>44,506</b>	<b>48,054</b>	<b>56,453</b>
<b>Usable Capital Receipts: 1-4-1 receipts (T01011)</b>								
Balance b/f	7,093	6,141	6,968	7,657	4,922	550	547	1,085
Contribution in year	1,340	2,529	2,529	2,609	2,884	2,762	2,841	2,898
Used in Year	(1,465)	(1,004)	(1,840)	(5,345)	(7,256)	(2,765)	(2,303)	(300)
Balance c/f	<b>6,968</b>	<b>7,666</b>	<b>7,657</b>	<b>4,922</b>	<b>550</b>	<b>547</b>	<b>1,085</b>	<b>3,683</b>
<i>Note: a contribution to this reserve is dependent on the number of RTB sales in the year determined in the HRA self financing model. There are many variables to the calculation of the 1:4:1 contribution. As an estimate, I have used a model provided by Sector which is based on our assumption of RTB sales</i>								
<b>Usable Capital Receipts - HRA Debt Repayment (T01010)</b>								
Balance b/f	3,867	4,158	3,952	4,243	4,904	5,587	6,292	7,020
Contribution in year	85	661	290	661	683	705	728	752
Used in Year	0	0	0	0	0	0	0	0
Balance c/f	<b>3,952</b>	<b>4,819</b>	<b>4,243</b>	<b>4,904</b>	<b>5,587</b>	<b>6,292</b>	<b>7,020</b>	<b>7,772</b>
<i>Note: each RTB sale generates a contribution to this reserve toward debt repayment determined in the HRA self financing model. A small number of sales are anticipated each year.</i>								
<b>Usable Capital Receipts - pre 2013-14 (T01008)</b>								
Balance b/f	12,760	13,361	9,559	2,260	2,260	2,260	2,260	2,260
Contribution in year	0	0	0	0	0	0	0	0
Used in Year (HRA = above)	0	0	0	0	0	0	0	0
Used in Year (GF Housing Co)	(3,201)	(13,361)	(7,299)	0	0	0	0	0
Used in Year (GF Housing - DFG)	0	0	0	0	0	0	0	0
Balance c/f	<b>9,559</b>	<b>0</b>	<b>2,260</b>	<b>2,260</b>	<b>2,260</b>	<b>2,260</b>	<b>2,260</b>	<b>2,260</b>
<i>Note: Can only be used for HRA capital expenditure, affordable housing and regeneration schemes as set by GBC policy</i>								
<b>Usable Capital Receipts - post 2013-14 (T01012)</b>								
Balance b/f	422	0	0	0	0	0	0	0
Contribution in year	898	289	286	289	292	295	298	298
Used in Year (HRA = above)	(1,306)	(69)	(186)	(69)	(72)	(75)	(78)	(475)
Used in Year (GF Housing)	(14)	(220)	(100)	(220)	(220)	(220)	(220)	(220)
Balance c/f	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(397)</b>
<i>Note: Can only be used for HRA capital expenditure, affordable housing and regeneration schemes as set by the Government</i>								